MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2021/2022

PCL0012 – INTRODUCTION TO COMMERCIAL LAW

(All Sections / Groups)

8th AUGUST 2022
Examination Time: 9.00 a.m. – 11.00 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of 3 pages with 4 questions only.

2. Attempt all of Part A and attempt TWO out of THREE questions from Part B. The distribution of the marks for each question is given.

3. Please write all your answers in the Answer Booklet provided.

PART A : COMPULSORY [30 MARKS]

QUESTION 1

Heng is the owner of a durian farm and a durian wholesale stall in Bemban, Melaka. He received many orders during durian season. Andy, a fruits trader, ordered from Heng three types of durian namely, "Musang King", "Udang Merah", and "IOI". Andy received the goods (durians) from Heng and upon checking, Andy found that the durians delivered are "Musang King", "Udang Merah", and "XO". Andy intended to accept the correct goods only and return the wrong goods i.e., "XO" durians. Heng refused to take back the wrong goods and asked Andy to make payment immediately. Andy got furious and he told Heng to take back all the durians delivered. Heng alleged that Andy has breached the contract of sale.

At Heng's durian wholesale stall, Joe, a customer, was dealing with one of Heng's employees, Kelly. Joe decided to buy the last two pieces of "D13" durians and asked Kelly to proceed for opening and packing. Joe then made payment to Kelly. When Joe was walking to his car with the packed durians, Heng stopped Joe and told Joe that another customer has ordered the same last two pieces of "D13" durians and therefore, Joe should return the said durians and get a refund. Heng claimed that Kelly does not have the final say to sell the said durians as she is merely an employee. Joe refused to return the said durians. Kelly claimed that she was not informed by her boss, Heng, about the last two pieces of "D13" durians were reserved by another customer.

Based on the situations above, identify the type(s) of commercial law(s) in Malaysia that is/are applicable to the relevant issues as follows:

(a) Whether Andy can reject the goods of a different description not included in the contract. **[10 marks]**

(b) Whether Andy has failed to discharge his duty as a buyer and therefore, breached the contract of sale he entered with Heng. **[10 marks]**

(c) Whether Heng is estopped from denying Kelly's authority to sell the "D13" durians to Joe. **[10 marks]**

Relate the applicable type(s) of commercial law(s) in Malaysia to the relevant issues stated above. Support your answer with relevant authorities.

[Total: 30 marks]

Continued...

PART B : CHOOSE TWO OUT OF THREE QUESTIONS [70 MARKS]

QUESTION 2

A company is an artificial person with separate legal entity. A sole proprietorship, on the other hand, is a type of business with one legal entity. Show the differences between the effect of a separate legal entity and one legal entity principles. Support your answer with relevant authorities.

(Total: 35 marks)

QUESTION 3

Three years ago, Wanda Maximoff bought a house and she insured her house against fire for RM450,000. Recently, her house caught fire and was partially burnt. She was told that a total sum of RM200,000 would be needed to restore the house. Expecting that she would be able to obtain the full insured amount from the insurance company, she called the insurance company to find out the sum that would be paid to compensate her. The insurance company told her that only the amount of RM200,000 would be compensated and no more.

Explain the principle of insurance law that is applicable to the situation above and illustrate other principles of insurance law that are applicable and enforceable in the insurance industry. Support your answer with relevant authorities.

(Total: 35 marks)

QUESTION 4

(a) Will Smith and Chris Rock are best friends. Will Smith's business was suffering loss and the creditors were after him for the payments that he had defaulted. Troubled, Will Smith approached Chris Rock for help. Chris Rock lent him a sum of RM600,000 and as security, Will Smith gave him a cheque for RM600,000 dated 27th March, 2022.

Explain the type of cheque issued by Will Smith and discuss whether Chris Rock would be able to draw the cheque before the stipulated date, i.e 27th March, 2022.

(20 marks)

Continued...

(b) '*An instrument which does not comply with these conditions, or which orders any act to be done in addition to the payment of money, is not a bill of exchange*'

[Section 3(2) of the Bill of Exchange Act 1949]

Based on the above provision, illustrate the characteristics of bill of exchange.

(15 marks)

[Total: 35 marks]

End of page